



## *Imputed Income Tax Information* For Domestic Partner Coverage

Under federal tax law, when you enroll your domestic partner and/or your domestic partner's child(ren) in the County's medical, prescription, dental and/or vision insurance plans, they are generally not considered dependents for tax purposes. The County's contribution towards their coverage is taxable imputed income to you for federal and state income taxes, as well as for FICA (Social Security and Medicare).

Each year, the County's Payroll Department calculates the annual imputed income amount and reports it to the IRS on your W-2, which is mailed to homes in late January. The amount is shown on the W-2 in one of the lines of Box 12 with a code "C" (see sample above).

Form W-2 Wage and  
Tax Statement

9		
12a	C	37.08
12b	M	2.30
12c	N	0.54
12d		

**IMPORTANT!** The amount in Box 12 (code "C") is not the amount of tax that is owed; it is the amount on which the recipient will be taxed.

The amount of your imputed income depends upon the plan in which you are enrolled and your coverage level. For example, if you enroll your domestic partner for "Self + 1" coverage, your imputed income would be the difference between the County's contribution for "Self Only" coverage for you and "Self + 1" coverage for you and your domestic partner, as well as any of your domestic partner's covered children. The County's contribution can be found online at [www.montgomerycountymd.gov/ohr](http://www.montgomerycountymd.gov/ohr); click the Benefits tab at top left and select the applicable Health Insurance page from the drop-down menu, then go to the Rates section and select the applicable year's "Rates" document.

Also, note that you are subject to imputed income for any months that you and your domestic partner are not legally married and your domestic partner and his/her dependents are enrolled in a County-sponsored health insurance plan. For example, if you and your domestic partner marry June 1<sup>st</sup>, imputed income would still apply for the first 5 months of the year.

*This information is not a substitute for a professional assessment of your individual situation. Please consult a professional tax advisor regarding how this applies to you.*